

Come Home to America



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Leading Proxy Advisor Supports Call For Ingersoll-Rand to Come Home to America

Washington, DC – America's leading proxy advisory firm, Institutional Shareholder Services (ISS), has recommended a vote in favor of a shareholder proposal that Ingersoll-Rand move its official headquarters back from Bermuda to the United States.

The ISS recommendation comes in support of "a tidal wave" of pressure by major institutional investors including public pension funds, union funds, state governments and others that are demanding that expatriate U.S. corporations "Come Home to America."

"Shareholders lose significant accountability when American companies flee from the United States to Bermuda and other offshore tax shelters," said American Federation of State, County and Municipal Employees (AFSCME) President Gerald W. McEntee. "The companies argue that they go off-shore for economic reasons, but that is clearly not the case."

ISS said it is supporting the resolution, to be voted upon at Ingersoll-Rand's annual meeting May 29, because "the company has not yet conducted a meaningful analysis in assessing the risks associated with remaining incorporated in Bermuda."

"Ingersoll-Rand, with hundreds of millions of dollars in defense and homeland security contracts, operates from a mailing address on the sandy shores of Bermuda. That's bad for shareholders," said Jack Ehnes, Chief Executive Officer, California State Teachers' Retirement System.

"Stanley Tool Works backed away from its plans to relocate offshore last year. Both McDermott International and Tyco this year have agreed to review a return to U.S. soil. We've asked Ingersoll-Rand to do the same. But they're not listening. They owe it to their shareholders to listen to us, to ISS and to other more enlightened companies."

"Sham corporate relocations are undermining the confidence of millions of Americans in the financial marketplace, at enormous cost to families, pensioners and taxpayers," said California Treasurer Phil Angelides, who is a member of the CalSTRS and CalPERS boards and sponsor of legislation in California to prohibit state contracting with expatriate firms.

A return to U.S. soil is particularly important to shareholder rights, said Sean Harrigan, president of the California Public Employees' Retirement System. "Shareholders are at the bottom of the accountability pyramid under Bermuda law," Harrigan said. "Officers and directors are accountable only to the corporation, and are not required to disclose to shareholders their personal interests in corporate contracts or transactions."

"Shareholders rights are clearly diminished in significant ways when companies incorporate offshore, and potential changes in tax law could reduce even further the perceived advantages of overseas incorporation," said Connecticut State Treasurer Denise L. Nappier. "Companies must no longer turn a deaf ear to this issue and the serious concerns of shareholders. We're pleased that the lengthy ISS analysis recognizes the substantial differences between U.S. and Bermuda law in protecting shareholder rights."

ISS noted that legislation to close tax loopholes is pending in Congress "that has the potential to eliminate the advantages that companies receive from being incorporated in a tax haven prospectively as well as retroactively."

Similarly, "[a] tidal wave...has been gathering at key states, such as Texas and California, that seeks to deny state and municipal government contracts to those companies that have incorporated offshore," ISS reported. "Given Ingersoll-Rand's unique lines of business, this could serve as a significant blow to the company's revenue stream."

North Carolina and Montana have already passed bills that would eliminate state contracts with companies incorporated in the tax havens. Legislation is pending in six more states -- Minnesota, California, Connecticut, Texas, Massachusetts, and Pennsylvania -- that would eliminate contracts with companies incorporated offshore.

The AFSCME Employees Pension Plan is sponsor of the resolution which will be considered at Ingersoll-Rand's annual meeting in North Carolina on May 29.

For more information about the ISS decision, contact any of the following:

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